CENTRAL RAILROAD COMPANY
OF
NEW JERSEY

ANNUAL REPORT 1964

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THE CENTRAL RAILROAD COMPANY OF NEW JERSEY

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY and Subsidiaries

DIRECTORS

The Central Railroad Company of New Jersey

*Earl T. Moore, *Chairman*
Victor G. Aubry, Jr.
*Charles E. Bertrand
*Revelle W. Brown
Irving N. Like
Robert B. Meyner
H. Merle Mulloy
*Fred N. Oliver
*Perry M. Shoemaker

**Member, Executive Committee*

Central Railroad Company of Pennsylvania

Victor G. Aubry, Jr.
Revelle W. Brown
E. Paul Gangewere
R. F. Hogan
John W. Kress
Irving N. Like
Earl T. Moore
Joshua A. Rich, IV
Perry M. Shoemaker
J. L. Stackhouse

Lehigh and New England Railway Company

Victor G. Aubry, Jr.
Revelle W. Brown
E. Paul Gangewere
R. F. Hogan
John W. Kress
Irving N. Like
Earl T. Moore
Joshua A. Rich, IV
Perry M. Shoemaker
J. L. Stackhouse

Wharton and Northern Railroad Company

James L. Barngrove, Jr.
Jack A. Craddock
Alfred J. Mackin
Perry M. Shoemaker

Jersey Central Transportation Company

James L. Barngrove, Jr.
Jack A. Craddock
Perry M. Shoemaker

GENERAL OFFICES

JERSEY CENTRAL TERMINAL
JERSEY CITY, N.J. 07302

OFFICERS

PERRY M. SHOEMAKER
President

JAMES L. BARNGROVE, JR.
Vice President—Freight Traffic

JACK A. CRADDOCK
Vice President and General Manager

*RICHARD B. WACHENFELD
Vice President and General Counsel

ROBERT FREDERICKSON
Comptroller

ROBERT E. TESTON
Secretary and Treasurer

BERNARD J. MINETTI
Chief Engineer

WARREN W. BOYCE
Purchasing Agent

ROBERT G. HAMLIN
Property Manager

FRANK W. MAHONEY, M.D.
Medical Director

*Effective February 15, 1965

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FINANCIAL SUMMARY OF 1964

Income

	1964	1963
Receipts from freight, passenger and miscellaneous operations	$50,782,698	$52,692,406
Other income (net)	2,087,773	1,289,091
Total income	$52,870,471	$53,981,497

Expenses

	1964	1963
Cost of maintaining and operating the property	$46,913,452	$45,233,798
Taxes	5,599,426	5,726,117
Hire of equipment and joint facilities	3,865,959	4,379,280
Fixed charges	4,781,229	4,720,921
Total costs	$61,160,066	$60,060,116

	1964	1963
Net Loss	**$ 8,289,595**	**$ 6,078,619**
Adjustments to determine "available net income" as required by the trust indenture:		
Elimination of amounts charged to operating expenses for ledger value less salvage of property retired and not replaced	65,385	99,989
Elimination of L. & N. E. Ry. net income not includible in determining "available net income"	(65,395)	40,367
Elimination of profit from the sale of meadowland properties credited to income and deposited with the mortgage trustee*	869,618	30,544
"Available net income" deficit from prior years	29,106,260	23,056,719
"Available Net Income" (Deficit)	**$(38,134,693)**	**$(29,106,260)**

Capital Fund

	1964	1963
Amount in Capital Fund at close of year	none	none

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* Under the provisions of the Sixth Supplemental Mortgage, there shall be deducted from consolidated income, so much thereof as results from the sale of meadowland.

To Stockholders:

In 1964, The Central Railroad Company of New Jersey suffered a net deficit of $8,289,595, compared with one of $6,078,619 a year earlier. This was the Company's seventh straight deficit year, and brings its seven-year loss to $38,000,000. Total revenues declined 4%, from $52,692,406 in 1963 to $50,782,698 in 1964. An unexpectedly high increase in wage costs, and the necessity of undertaking previously deferred maintenance, made it impossible to make reductions in costs commensurate with losses of revenue. The drain on our cash resources continued, and we were able to meet year-end obligations only through approval of the Government-guaranteed loan of $3,000,000 that had been deferred in 1963.

The year's decline in gross revenues resulted from a 17% (or $1.2 million) decrease in revenue from bituminous coal shipments, largely as a consequence of the New York harbor tugboat strike; a decline of 19% (or $782,000) in anthracite coal because of a drop in export; a 20% (or $400,000) decrease in mail revenue through changed Post Office Department policy; a $600,000 loss in revenue from vegetable oil traffic; and elimination of freight forwarder traffic at B & O piers. Shipments of general merchandise held steady, and piggyback business continued to increase, gaining 28% in trailers handled.

Factors contributing to the increased deficit were an increase of $1.5 million in total wage and fringe-benefit costs, even after offsetting savings resulting from the 1964 National Work Rules Settlement, and absence of credits to expenses resulting from sale of fully amortized freight cars as was the case in 1963 amounting to $1.1 million. The unfavorable impact of heavy passenger losses and tax payments to the State of New Jersey continued.

The position of the Central Railroad of New Jersey is similar to that of many of the 34 Class I Eastern District railroads, of which—even in a year of generally high prosperity—15 were still in a deficit position. The reasons for their special problems are not hard to deduce. Because of their concentration of yards and terminals, and relatively short hauls, the Eastern railroads need 36.5% of all railroad employees to operate only 22.5% of all railroad miles. Subsidized truck and inland-waterway competition is most acute in the highly compact Eastern States. Eastern railroads operate 72% of all commutation passenger miles, and their passenger deficits absorb almost 50% of their total freight earnings. They operate in areas of relatively high taxation. Their continuing deficits have restricted their in-

vestment in modern facilities and equipment needed to cut operating and maintenance costs and improve their competitive position. The Central Railroad of New Jersey shares in all these disadvantages, and in many to a degree greater than most other Eastern railroads.

The means to put the Eastern railroads back into a position in which they can render maximum service to the economy are no more mysterious than the difficulties themselves—but their realization is far more troublesome than their recognition.

The full losses incurred in the public service of carrying passengers to and from work should be assumed by the benefitted public. Public funds should be made available to replace unattractive and expensive-to-maintain passenger equipment. State taxes on railroad transportation property should be eliminated. Competitive transportation should be put on a pay-as-you-use basis for highways, waterways and airways. Railroad payroll and unemployment insurance taxes should be equalized with those of the Social Security system applying to competitive forms of transportation; currently, railroads pay more than twice as much per employee as does any of the others. Increases in labor costs should be more closely related to profits and cost-of-living changes; the consumers' price index rose 70% between 1945 and 1965, and the average railroad labor cost per hour worked rose 214%.

Mergers should be encouraged, but only those that result in a logically-coordinated area railroad system, including the weak as well as the strong; any other variety will leave railroads essential to the economy critically weaker and create a threat of nationalization for the entire industry. Not even such mergers, however, will bring the railroad systems back to full economic health, unless the steps suggested above are promptly implemented.

As for the Central Railroad of New Jersey, a most careful review of our 1965 prospects indicates that we can reasonably hope to cut our 1964 deficit appreciably. We can foresee an improvement in freight traffic, particularly with respect to bituminous and anthracite coal and vegetable oil; we have further strengthened our freight solicitation organization, and expect beneficial results.

The Interstate Commerce Commission has approved coordination of facilities with the Lehigh Valley Railroad on an 80-mile stretch in Pennsylvania, which will result, starting about August 1st, not only in a salvage of needed material but in a saving of some $300,000 a year after job protection payments.

About May 1st we will effect single-track operation between Hampton and Phillipsburg as a first step toward centralized traffic control between Raritan and Phillipsburg, which will reduce maintenance costs and provide needed rails and ties.

Extensive negotiations with the Lehigh Coal & Navigation Company have resulted in a deferral of 19% (or $433,000 each year for 1965 and 1966) of the amount we pay in rental for our Pennsylvania properties.

Replacement of 20 of our older freight locomotive units, with new power expected in May, will result in substantial maintenance and operating savings.

We anticipate important benefits from additional rulings under the National Work Rules Case relating to interdivisional and intradivisional runs.

If all of these things materialize on schedule, we still will suffer a cash drain severe enough to leave us without enough year-end money for necessary working capital, New Jersey taxes and other year-end obligations. The Aldene Plan, for which the State of New Jersey has appropriated $6.1 million, will not go into effect until late 1965, and prospective severance pay requirements will delay any real benefits to mid-1967. There is no possibility of further Government-guaranteed loans; not only has the loan-authorizing legislation expired, but we have exhausted our collateral. Elimination of Class I and III New Jersey railroad taxes, enacted by the Legislature, will benefit our company by about $600,000 a year—but the legislation is not effective until 1966. Prospects for reduction of Class II taxes seem bright for the future, but cannot be effective before 1966 or 1967.

Accordingly, we have informed the Governor and the Members of the Legislature of the State of New Jersey that the only source we can see for the dollars we will need to meet our obligations in late 1965 is through a further reduction in the deficit we incur in carrying commuter passengers. We have asked that State participation in 1965 passenger losses be increased to $5.6 million, or approximately 80% of our projected passenger loss in 1965. Recognizing the importance of continuing commuter service, the State raised passenger contract payments from $1.4 million to $2.9 million for the contract year 1964-65, which compensated us for about 46% of passenger losses at the 1964 level.

We have reiterated to the officials of the State of New Jersey that "These commuting services are being kept operating, not for the sake of the railroad, but for the sake of the commuting public and the economic welfare of the State. In view of our obvious financial problems, it would be reasonable to expect 100% of our 'public service' losses to be assumed, especially in view of the heavy tax bill we must pay on top of them. With the Aldene Plan so close to implementation, and in the light of other improvements in mass transportation now actively under consideration, it would be unthinkable that The Central Railroad Company of New Jersey should be permitted to go into bankruptcy."

The Aldene Plan, if supplemented by new passenger equipment through Federal and State funds, will not only reduce the need for direct State aid but will attract new users to the service. A next step could be electrification between Raritan and Newark (which would improve quality, and reduce cost of the service) and the establishment of through service to midtown New York City.

In summary, the immediate future of the Central Railroad Company of New Jersey, more acutely than ever before, rests upon forthcoming decisions by the State of New Jersey with respect to tax relief and passenger loss participation. Management, in the areas under its control, such as operating efficiency, dependable service, increased sales effort, prudent use of material and equipment improvement, is doing not only all that income permits, but beyond that has provided supplemental funds from loans and sale of assets. Additional loans are not possible. Opportunities from sale of assets are approaching exhaustion. If the tax and passenger loss handicaps are lifted by the State, as in all fairness should be done, then the future of our railroad is encouraging.

The Directors, on behalf of the Company, report with sorrow the death on June 13, 1964, of Mr. Frank C. La Grange and the death on November 10, 1964, of Mr. Barton W. Druckenmiller, both valued Directors who importantly contributed to the welfare of the Company.

I wish to thank our employees for the individual efforts they are making on behalf of the Company, and once again to express appreciation to our stockholders for their patience and support.

Sincerely,

March, 1965.

TRAFFIC AND REVENUES

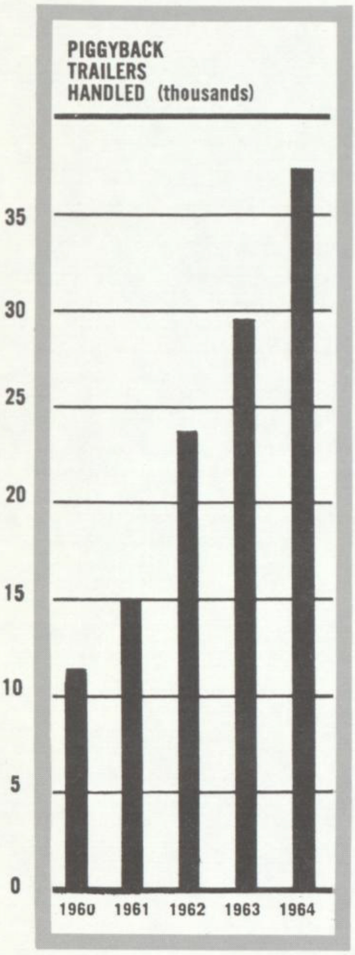
Freight

Revenue from freight traffic decreased 4.8% from $42,482,077 in 1963 to $40,462,206 in 1964. Total carloads handled, both originated and/or terminated on line as well as overhead, totaled 654,355, a decrease of 4.4% under 1963.

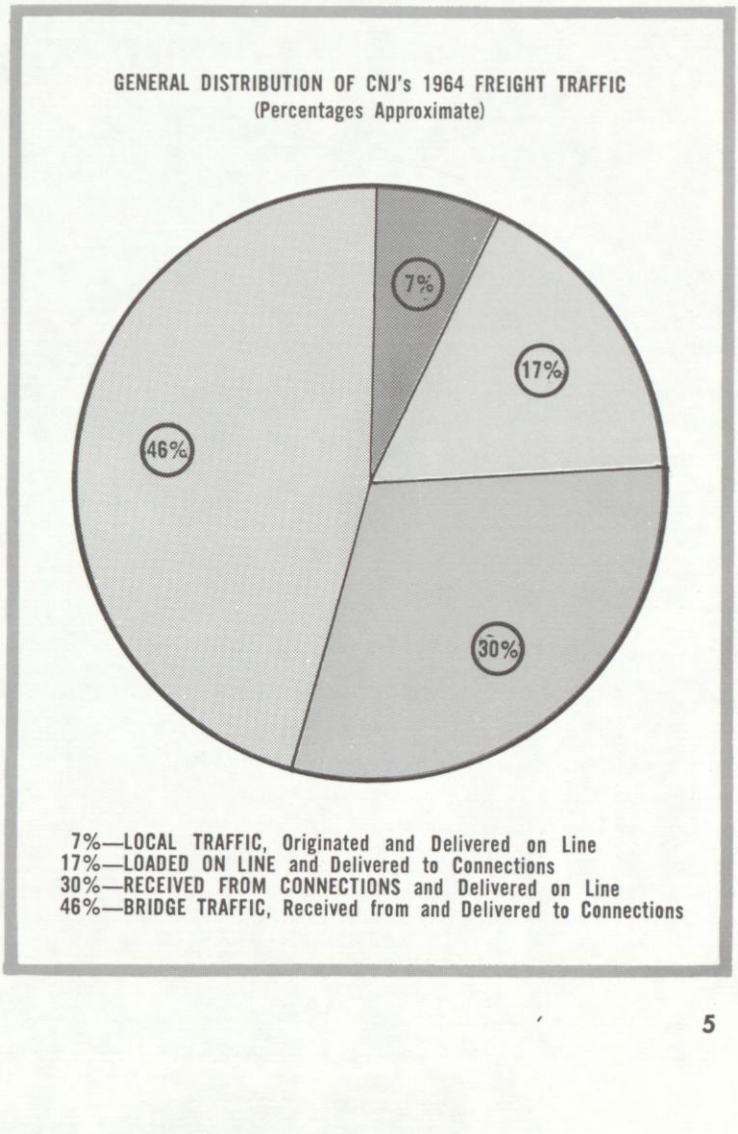
The revenue from anthracite coal totaled $3,442,900, a decrease of $782,400, or 18.5% under the previous year. This traffic, which had increased in 1963, continued its growth pattern in early 1964, but in the latter part of the year there was a virtual collapse of sales in European markets, largely as a result of a mild winter, leaving substantial stocks on hand. The mild weather at the close of 1964 and in January, 1965, also has had an adverse effect on both domestic and Canadian anthracite production and sales.

The revenue from bituminous coal traffic in 1964 totaled $6,089,911, a decrease of $1,235,806, or 16.9% under the previous year. The principal reason was a five-week shutdown of Pier 18 in February and early March, because of a strike of commercial tugboat crews in New York Harbor. During that period, some of our customers went to other sources of supply, some used other coal piers, and it was only toward the end of the year that the rate of coal movement through Pier 18 equalled that of 1963.

Cement traffic in 1964 was slightly greater than in 1963. There was continuing activity in the bulk multiple-car shipments which moved principally to the bulk distribution terminals located on the CNJ in the New York



In 1964, CNJ handled 37,319 trailer loads of freight in piggyback service — an increase of some 28% over 1963.



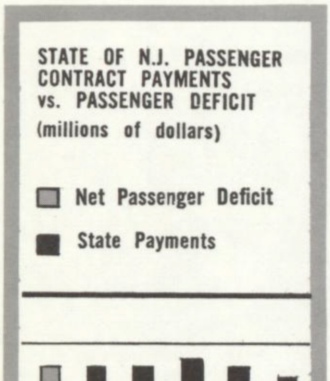
metropolitan area. Harbor deliveries of cement by barge also continued at a good level.

Revenue from general merchandise, representing 76% of our freight traffic, remained about the same in 1964 as in 1963. Actual carloadings showed a decrease of 4% but as a result principally of heavier loading and the use of larger cars there was no corresponding decrease in revenue.

Trailer-on-flat-car (piggyback) traffic continued to improve, with an increase in trailers handled of 28%. We are continuing to increase our facilities for handling this category of traffic. A new high-speed train primarily for piggyback traffic was inaugurated February 9, 1965, providing for a late departure from Jersey City with an early second morning arrival at St. Louis (3:50 a.m.) and Chicago (2:45 a.m.). This will generate additional new traffic. A new high-speed eastbound train also is planned.

Analysis of the five-year period—1960 through 1964—shows that the major variation in our business has been in overhead traffic, which we neither originate nor terminate. This has declined from 350,000 cars in our better years to 300,000 cars in 1964. This critical area of recently-lost business was affected by a drop of some 10,000 cars of vegetable oil movements, which we received from the Erie-Lackawanna and the Reading and delivered to the East Jersey Railroad, and by a 13% decline in eastward traffic to or via the New Haven and Long Island railroads. We have also suffered from cement competition from Hudson River mills, which has affected the growth of Lehigh district shipments.

It is apparent now that the modest expansion of the Traffic Department, which took place early this year, has been an important factor in holding our local business. It is now more apparent that our traffic solicitation has been too thin. Accordingly, knowing that there is nothing more important to our railroad than traffic recovery, we are expanding, in the early part of 1965, our marketing setup and our solicitation forces in the New York and New Jersey metropolitan area and in the south, midwest and Pacific Coast.



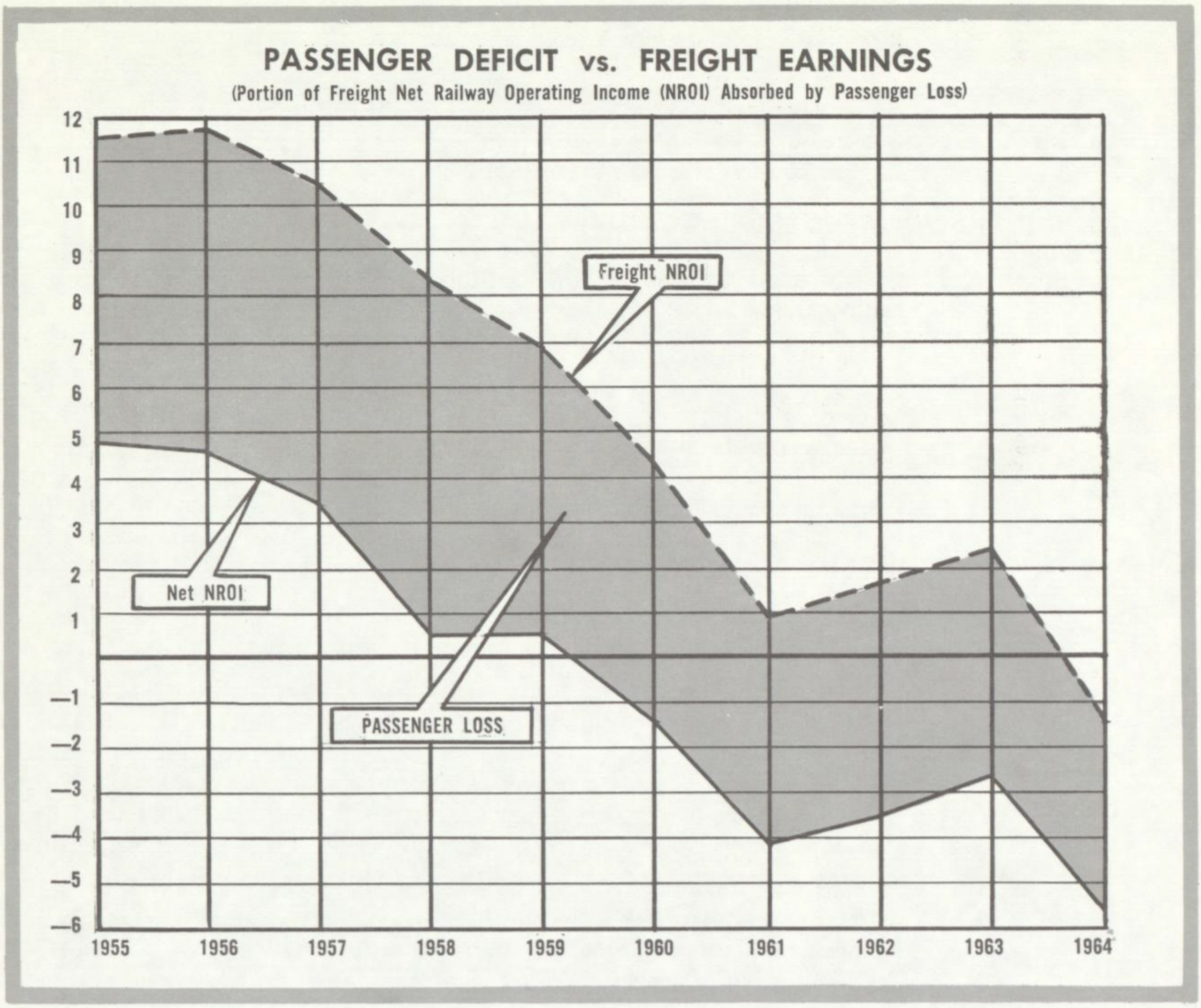
Passenger

Passenger revenues amounted to $5,287,066 in 1964, a decrease of $37,544 from the preceding year. In addition, the State of New Jersey increased its payments from $1,401,468 in 1963 to $2,934,468 in 1964 under a contract to assist in maintaining passenger service. Included in the 1964 State payments was a prepayment of $792,000 for the purpose of enabling the railroad to pay its property taxes on December 1st. This prepayment constitutes partial State aid to the carrier for the year 1965 and will be accrued in the accounts in that year.

Mail revenue for 1964 amounted to $1,004,062, compared to $1,418,274 in 1963. As explained in the 1963 annual report, the decrease resulted from the Post Office Department's decision to truck mail for Southern and Western States, effective July 1, 1963, thereby reducing revenues to the railroad by 50%.

Total passenger revenues from all sources, including the State contract payment applicable to 1964, amounted to $8,433,744, an increase of $279,660 over the prior year.

Net loss in passenger service decreased to $4,152,599 in 1964, compared with $5,008,365 in 1963, largely as a result of State participation. Costs for increased wages and related benefits will increase this railroad's passenger deficit by $750,000 on an annual basis, bringing it to approximately $7 million in 1965, before State passenger contract payments.



The New Jersey State Legislature passed legislation providing for an increase of \$2½ million for the purpose of supplying greater aid to passenger railroads in the 1964-1965 contract year. Of this amount, approximately \$1.5 million was allocated to the Central Railroad under an amendment of the law which provides flexibility to disburse the available dollars in terms of the needs and varying operating conditions of individual railroads.

The Aldene Plan, connecting CNJ and PATH (Hudson Tube system) at Newark, New Jersey, and eliminating passenger train service to Jersey City and ferry service between Jersey City and New York, is now scheduled to become operative late in 1965. Work on the CNJ-Lehigh Valley connection at Aldene is progressing on schedule and the grade crossing eliminations on the Lehigh Valley should be completed in the fall of 1965. The implementation of the Aldene Plan, after severance pay to affected employees has been paid (by mid-1967), will lessen our passenger losses by approximately \$1.5 million annually.

TAXES

Taxes paid to the State of New Jersey for 1964 amounted to \$2,987,780*, equivalent to \$6.82 a share on the Company's Common Stock outstanding.

As a result of a strong recommendation from the State Tax Policy Commission, legislation was enacted which, effective in 1966, will eliminate Class I and III railroad taxes. The benefit to our Company will be about $600,000 a year. The State Tax Policy Commission is preparing a further report on Class II taxes. It is anticipated that such report will be filed in the near future, and it is hoped that the report will recommend substantial reductions in Class II taxes and that the Legislature will act favorably upon such recommendation.

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*before adjustment for prior years by Jersey City, amounting to \$119,410.

WAGES and LABOR MATTERS

The year 1964 brought to culmination two significant developments in the railroad labor situation.

On the one hand, management's five-and-one-half-year effort to modernize work rules and reduce unnecessary employment of train and yard service personnel came to a partially successful end. Subject to unprecedentedly generous termination severance pay provisions, a reduction was permitted in certain yard and train service operating personnel, specifically Diesel firemen and brakemen. These settlements will benefit the Central Railroad of New Jersey by about $1 million annually, after severance pay provisions have been met.

Still pending in the National Work Rules Case is an important question involving interdivisional and intradivisional runs. Benefits to our Company could be substantial.

In the course of fact-finding reports from the various Presidential Emergency Boards, there has been little recognition of the competitive and regulatory restrictions under which railroads operate, and virtually no attention paid to the economic ability of individual railroads to meet the recommendations. Under the emerging settlements, wage costs in 1965 for the Central Railroad of New Jersey will increase more than 8% over 1963.

Agreements have been reached with most non-operating organizations. Generally, they provide for a 9c per hour wage increase effective January 1, 1964, with similar increases effective January 1, 1965 and 1966; a fourth week's vacation for employees with twenty or more years of service; designation of the employee's birthday as an additional holiday, and $2,000 life insurance benefits to retired employees for a four-year period. Job security agreements have been reached with all non-operating organizations making some provision for attrition of unneeded personnel and transfer between districts.

Also concluded were agreements with operating organizations providing for variable wage increases, as well as life insurance and medical and hospitalization benefits, paid holidays, away-from-home expenses, manning of self-propelled machines, and performance of yard-switching by road crews under specified conditions.

All of these agreements contain moratorium provisions ranging from the beginning of 1966 to the beginning of 1967. CNJ labor costs in 1964 were increased more than $1.5 million by these settlements. In 1965, when the full impact will hit the railroad, the increase in labor costs over 1963 will be $3.1 million—partially offset by decreased costs as a result of the National Work Rules settlements of not more than $1.5 million.

In the last ten years the CNJ has reduced its work force 37.5% while its wage bill has remained virtually constant. Wage costs in 1964 amounted to 65.2 cents out of every revenue dollar. Adding the necessary costs of payroll taxes and health-and-welfare benefits brings labor costs to 72.8 cents out of every revenue dollar.

INDUSTRIAL DEVELOPMENT

In 1964, thirty-four new industries, with a traffic potential of approximately 9,000 carloads annually, acquired sites along our railroad. Twelve industries presently located on the Central Railroad expanded their facilities, and expect to produce an additional 2,250 carloads of freight annually.

In our Elizabeth Central District, M&T Chemicals, Inc., a 3,500 carload customer which had been preparing to move from its present location at Carteret, N.J., and Standard Concrete Block and Supply Company, Inc., both took title to properties and are preparing the sites for construction. Other construction projects which are nearing completion in this area are those of George A. Milton Can Company, Price Pfister Brass Manufacturing Company, National Spray Can Filling Company, Tinplate Lithographing Company and Gallo Wine Distributors of New Jersey. When in full production, these seven industries expect to handle about 6,000 cars a year.

The Greater Wilkes-Barre Industrial Fund is making significant strides in the further development of Crestwood Industrial Park, Crestwood, Pa. To open up a new section in the park, we are cooperating in the construction of approximately 3,500 feet of track. Three new industries there will be served by rail.

The recently-established Lehigh Valley Industrial Park, 245 acres of industrial land in Bethlehem, Pa., served by the Catasauqua Branch of the Lehigh & New England Railway, attracted its first industry, the Columbia Envelope Company, a division of Boise Cascade Corporation. Construction has started on a 53,000 sq. ft. building which, when completed, will produce 150 cars of traffic annually.

Four new industrial parks along our line—Raritan Industrial Park, 10 acres in Raritan, N.J.; Englehard Industrial Park, 165 acres in Carteret, N.J.; Columbia Industrial Park, 25 acres in North Branch, N.J.; and Sussna Enterprises, 25 acres in Lakewood, N.J.—were acquired by private interests for future development.

PROPERTY SALES

During the year 1964, a total of $1,771,944 was received from the sale of 43 parcels of real estate. In addition, lump sum payments (in lieu of annual rent) in the amount of $610,100 for pipeline easements were received.

We have entered into an agreement to sell through James Rice Associates our remaining 174 acres of industrial land in Central Morris Industrial Park at Rockaway, N.J., and Denville, N.J. We received a sizeable cash payment, and Rice Associates will assume the responsibility of developing and selling this area. Rice Associates already has signed a contract with one freight producing industry to buy seven acres at an attractive price. We will share in the consideration from this and future sales.

When the Aldene Plan becomes effective at the end of 1965, we will no longer require our Jersey City Ferry Terminal or our Broad Street Teminal in Newark, and have placed both buildings and 60 acres of Jersey City waterfront property on the market.

Thanks largely to recently passed legislation encouraging municipal purchase of station properties, negotiations for sale of a number of our stations are in final stages. In each case, arrangements are made for the railroad to lease back at a nominal amount space required for railroad needs. Sales of stations help our cash position, and relieve the railroad of taxes, maintenance, and parking problems.

MEADOWLAND PROPERTIES

The State of New Jersey claims that it has title to all land in the State which at any time has been subject to inundation at mean high tide, unless by State grant such title has been relinquished. Such claim constitutes a cloud on our title to approximately 650 acres of valuable property in the Elizabeth Meadows.

Legislation designed to alleviate the hardships which might otherwise be imposed on owners of meadowland, and which would have removed the cloud from our title, passed both Houses of the New Jersey Legislature but was vetoed by the Governor. He deemed it inappropriate to take the steps contemplated by the legislation before receipt of the report of the Commission to Study Meadowland Development, which is to be submitted prior to June 30, 1965. Further legislative action after the report is made is anticipated.

During the year we were able to sell three parcels of meadowland in Elizabeth after quit-claim deeds were purchased from the State.

OPERATIONS AND MAINTENANCE

With more than 60% of freight train and engine service employees working in terminal service, the Central Railroad has difficulty in adjusting its transportation forces in exact proportion to the level of business. Furthermore, even in a period of declining traffic, we are unable to avoid the obligation of operating scheduled trains if we are to remain competitive.

Nevertheless, we were able to operate with 2,021 fewer yard and drill crew days than in 1963, and after wage increases were absorbed, expenses in the Transportation Department for the full year were higher by only about $200,000.

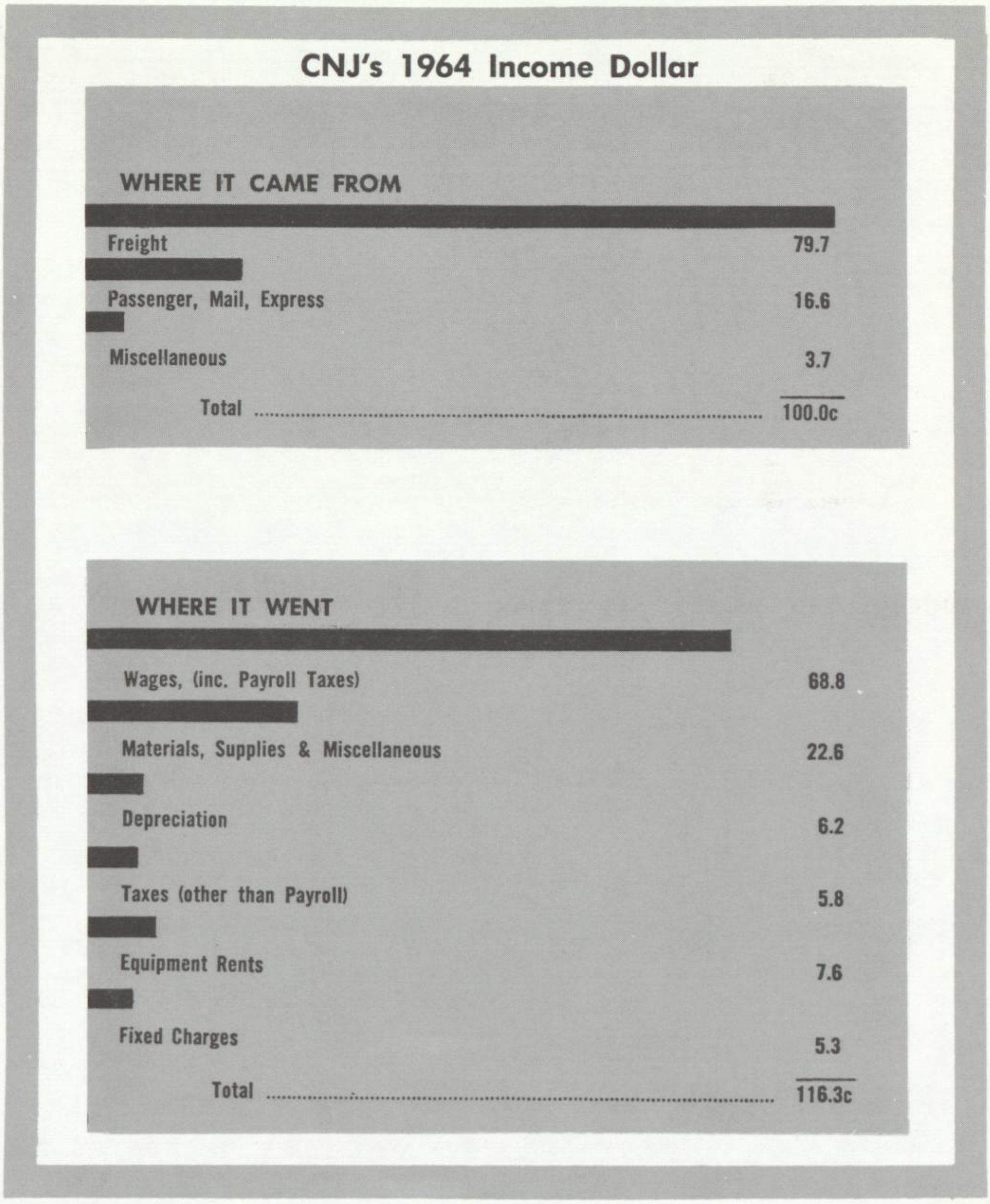
Car-handling has continued to show improvement, and equipment rentals in 1964 were approximately $500,000 less than in 1963. The cost per ton of freight handled in our expensive waterfront operation has been reduced about 4%.

We spent almost $200,000 less on maintenance of way and structures in 1964 than in 1963, even though we had to absorb wages increases of more than $146,000. Nevertheless, we installed 19,500 replacement ties as against 6,600 in 1963. The intensive use of mechanized equipment also resulted in more track surfacing being accomplished in 1964.

Maintenance of equipment costs rose 13% in 1964, largely because of the absence of $1.1 million credit from the sale of amortized freight equipment that made these expenses, as shown on the books, unrealistically low in the previous year. Heavy repairs were given to 39 locomotives in 1964, as compared with 47 in 1963. The Locomotive Shop was closed for five weeks, to conserve cash, but the condition of much of our locomotive power did not permit further extension of the shutdown. The replacement of some of our older freight locomotives, as detailed in another section of this report, will substantially reduce equipment maintenance costs.

Our cash situation forced us to retard our program of repairing bad order freight cars. We repaired 782 cars during 1964 as compared with 1,346 cars in 1963, leaving our bad order ratio at 16.7% instead of the 12.4% we achieved at the end of 1963.

By May of 1965, all but one of our ferries will have been retired from

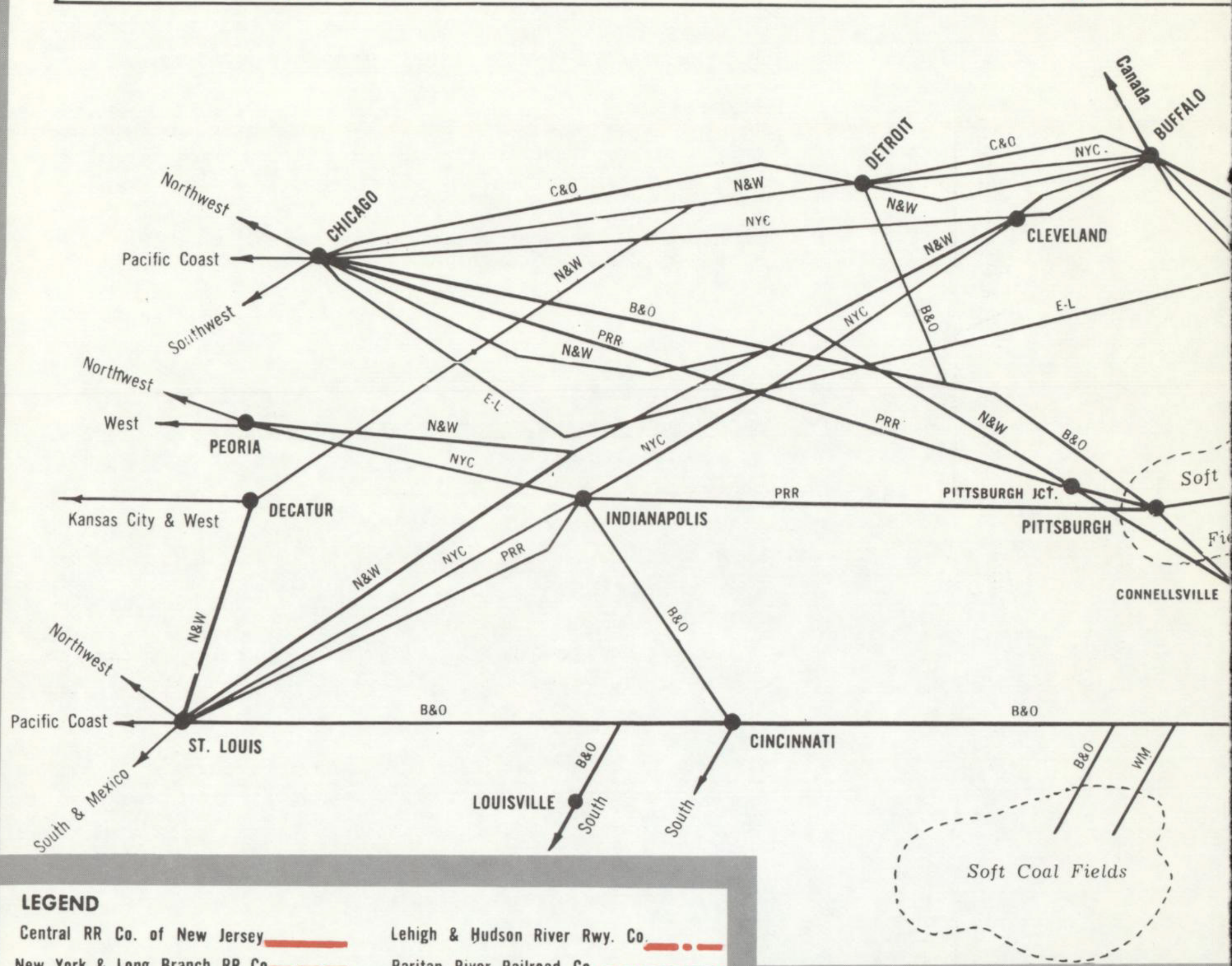


service because they will no longer meet Coast Guard standards and the cost of rehabilitating them is too great to be practical. Only the "Elizabeth", rebuilt in 1951, will remain serviceable. Accordingly, the CNJ has leased from the City of New York two radar and radio-equipped Diesel-electric ferryboats formerly in service between Brooklyn and Staten Island, for use until the Aldene Plan takes effect. Rental until the end of the year will come to $64,000, but the two boats should be considerably less expensive to operate than our older ones.

Implementation of the Aldene Plan will reduce our passenger car needs to about 120 units, including Budd cars. It was planned that the 120 cars were to be rehabilitated at the State's expense, but there is currently doubt that money will be available for this purpose. We have urged that such money be made available and that the State make every effort to advance a long-range program for replacement with modern passenger equipment.

(Text continued on page 14)

Map of The Central Railroad Company of Ne



Canada
BUFFALO
DETROIT
C&O
NYC.
C&O
N&W
N&W
NYC
CLEVELAND
Northwest
CHICAGO
Pacific Coast
Southwest
N&W
N&W
B&O
E-L
B&O
NYC
PRR
N&W
Northwest
West
PEORIA
E-L
N&W
NYC
NYC
PRR
N&W
B&O
Soft
Fi
PITTSBURGH JCT.
PITTSBURGH
Kansas City & West
DECATUR
INDIANAPOLIS
PRR
N&W
NYC
PRR
B&O
CONNELLSVILLE
N&W
Northwest
Pacific Coast
ST. LOUIS
B&O
CINCINNATI
B&O
B&O
WM
South & Mexico
B&O
LOUISVILLE
South
South
Soft Coal Fields

LEGEND

Central RR Co. of New Jersey ▬▬▬

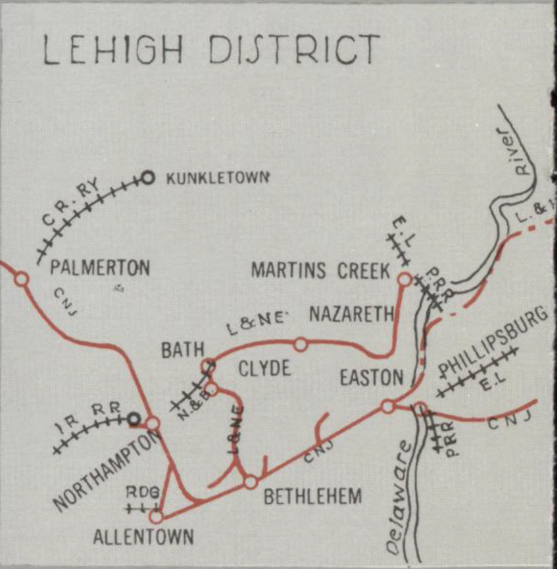
New York & Long Branch RR Co. ▬ ▬ ▬

Lehigh & Hudson River Rwy. Co. ▬ • ▬

Raritan River Railroad Co. - - - - - -

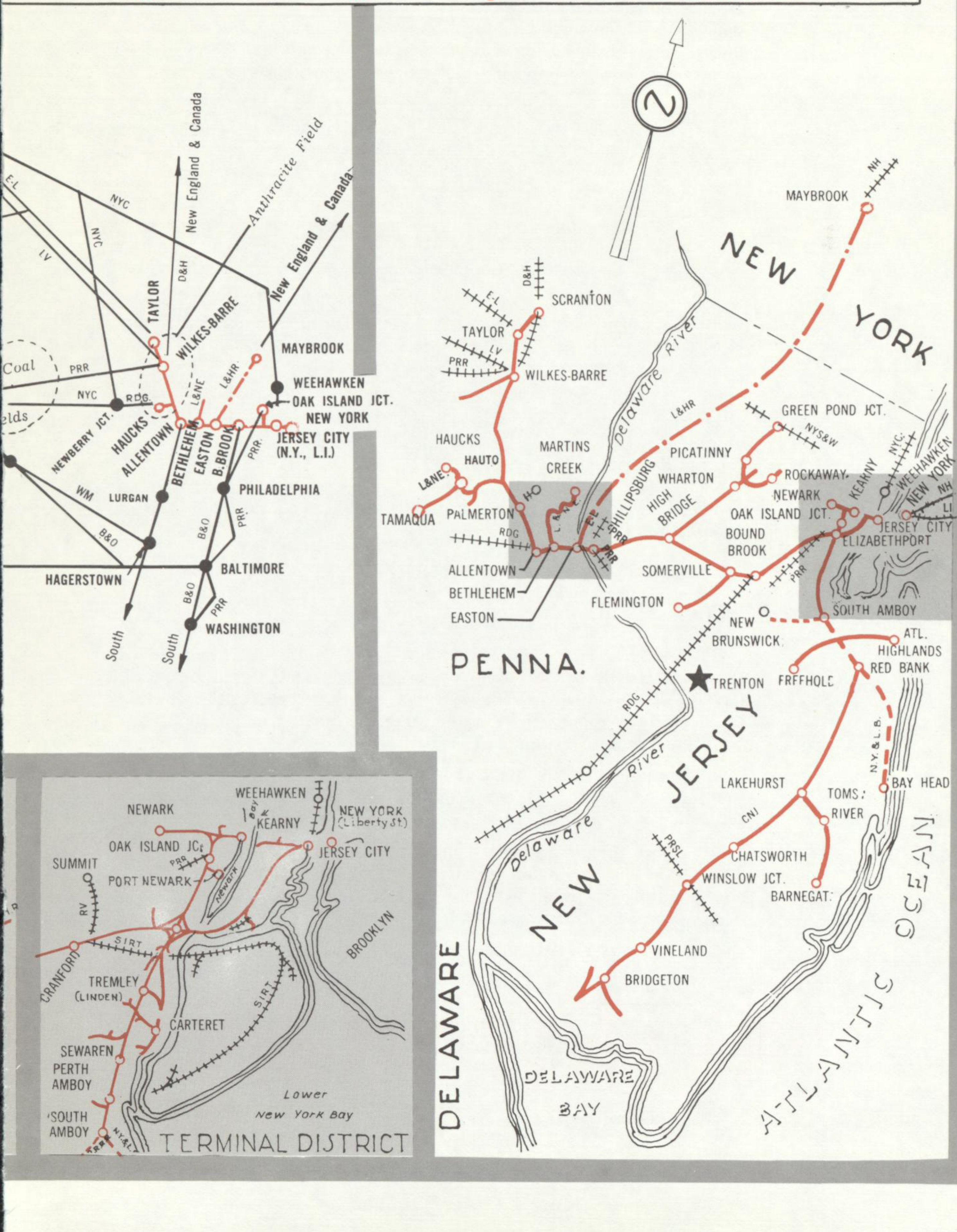
B&O—Baltimore & Ohio
C&O—Chesapeake & Ohio
CR Ry.—Chestnut Ridge Ry.
D&H—Delaware & Hudson
EJRR—East Jersey RR
E-L—Erie-Lackawanna
IRRR—Ironton RR
L&HR—Lehigh & Hudson River
L&NE—Lehigh & New England Rwy.
LI—Long Island RR
LV—Lehigh Valley RR
N&B—Northampton & Bath

N&W—Norfolk & Western
NH—New Haven RR
NYC—New York Central
NY&LB—New York & Long Branch
NYS&W—N.Y. Susquehanna & Western
PRR—Pennsylvania RR
PRSL—Penn-Reading Seashore Line
RDG—Reading RR
RRRR—Raritan River RR
RV—Rahway Valley RR
SIRT—Staten Isl. Rapid Transit (B&O)
WM—Western Maryland Ry.



LEHIGH DISTRICT
River
L. & H
C.R. RY
KUNKLETOWN
PALMERTON
CNJ
E.L
MARTINS CREEK
P.R.R.
L&NE
NAZARETH
PHILLIPSBURG
BATH
CLYDE
EASTON
E.L
I.R. RR
N.&B.
L&NE
CNJ
PRR
CNJ
NORTHAMPTON
RDG
BETHLEHEM
Delaware
ALLENTOWN

ew Jersey -- Showing Principal Service Routes


New England & Canada
Anthracite Field
New England & Canada
E-L
NYC
LV
D&H
TAYLOR
WILKES-BARRE
MAYBROOK
Coal
elds
PRR
NYC
RDG.
L&NE
L&HR
WEEHAWKEN
OAK ISLAND JCT.
NEW YORK
JERSEY CITY
(N.Y., L.I.)
NEWBERRY JCT.
HAUCKS
ALLENTOWN
BETHLEHEM
EASTON
B.BROOK
PRR
PHILADELPHIA
WM
LURGAN
B&O
PRR
HAGERSTOWN
BALTIMORE
B&O
PRR
WASHINGTON
South
South
N
NH
MAYBROOK
NEW YORK
D&H
SCRANTON
E-L
TAYLOR
LV
PRR
WILKES-BARRE
Delaware River
L&HR
GREEN POND JCT.
NYS&W
PICATINNY
ROCKAWAY
HAUCKS
HAUTO
MARTINS CREEK
L&NE
HO
PHILLIPSBURG
WHARTON
HIGH BRIDGE
NEWARK
KEARNY
NYC
WEEHAWKEN
NEW YORK
NH
LI
TAMAQUA
PALMERTON
RDG
L&NE
EL
PRR
OAK ISLAND JCT.
BOUND BROOK
JERSEY CITY
ELIZABETHPORT
ALLENTOWN
BETHLEHEM
EASTON
SOMERVILLE
PRR
FLEMINGTON
SOUTH AMBOY
NEW BRUNSWICK
ATL. HIGHLANDS
RED BANK
PENNA.
TRENTON
FREEHOLD
RDG
NEW JERSEY
N.Y.& L.B.
LAKEHURST
TOMS RIVER
BAY HEAD
Delaware River
CNJ
PRSL
CHATSWORTH
WINSLOW JCT.
BARNEGAT
VINELAND
BRIDGETON
ATLANTIC OCEAN
DELAWARE
DELAWARE BAY
NEWARK
WEEHAWKEN
Bay
KEARNY
NEW YORK (Liberty St.)
OAK ISLAND JCt
JERSEY CITY
SUMMIT
PRR
PORT NEWARK
Newark
RV
BROOKLYN
SIRT
CRANFORD
TREMLEY (LINDEN)
SIRT
CARTERET
SEWAREN
PERTH AMBOY
SOUTH AMBOY
Lower New York Bay
NY&LB
TERMINAL DISTRICT

CAPITAL EXPENDITURES

Prohibitive maintenance cost and a high incidence of engine failures relating to some of our older road freight power made it economically advisable for the Company to retire 20 old 1,500-hp units and purchase 12 new 2,500-hp units. The old units will be turned in as down payment, in lieu of cash, and the savings in maintenance and operation will not only pay the interest and amortization but will result in a net savings in operating expenses, and provide more dependable service. Delivery is programmed for May, 1965.

Having received approval from the Interstate Commerce Commission, we are proceeding to coordinate operations with the Lehigh Valley Railroad between Wilkes-Barre and South Bethlehem, with resulting saving of about $300,000 per year after job protection.

The Interstate Commerce Commission has also given us authority to install single-track operation between Hampton and Phillipsburg, N. J., permitting elimination of maintenance on some eleven miles of main track, and making available rails and ties which we need for other maintenance purposes.

Expanded piggyback needs brought construction of two more ramp tracks at Elizabethport and new facilities at Somerville and Kenvil, N. J.

Our bridge at Blackman Street, Wilkes-Barre, Pa., was reconstructed pursuant to an order of the Pennsylvania Public Utility Commission at a cost of $175,000, of which CNJ's portion was 10%. Automatic crossing gates were installed at Miner Street, Wilkes-Barre, and at Ridge School Road and Snover Road in Readington Township, N. J. The New Jersey Board of Public Utility Commissioners has ordered the rebuilding of our bridge at Central Crossing, Fanwood, N. J., at an estimated cost of $140,000, with the State assuming 85% of the expense.

DIRECTORS AND OFFICERS

On June 24, 1964, Mr. P. M. Shoemaker, president of the Company, was named a member of the executive committee, replacing Mr. Frank C. La Grange, deceased. On the same date Mr. Shoemaker was elected chairman of the executive committee, replacing Mr. E. T. Moore who remains a member of the executive committee.

On September 23, 1964, Mr. Charles E. Bertrand, president of the Reading Company, was elected a director and member of the executive committee, succeeding in both capacities Mr. E. P. Gangewere, resigned.

Mr. Robert Frederickson was appointed comptroller effective March 1, 1964, succeeding Mr. Ralph E. Thompson, who retired February 29, 1964, after faithfully serving the Company 36 years.

Mr. Richard B. Wachenfeld was elected vice president and general counsel, effective February 15, 1965, succeeding Mr. Judson C. McLester, Jr., resigned.

By Order of the Directors
The Central Railroad Company of New Jersey
March, 1965

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY and Subsidiaries

STATEMENT OF CONSOLIDATED INCOME AND RETAINED EARNINGS

	Year ended Dec. 31	
	1964	1963
Railway Operating Revenues:		
Freight:		
Merchandise	$30,929,395	$30,931,060
Anthracite	3,442,900	4,225,300
Bituminous	6,089,911	7,325,717
	$40,462,206	$42,482,077
Passenger, mail, express and other (page 22)	10,320,492	10,210,329
Total	$50,782,698	$52,692,406
Railway Operating Expenses:		
Payrolls	$31,119,260	$31,584,507
Material, supplies and other expenses	12,645,288	10,440,160
Depreciation	3,148,904	3,209,131
Total (page 22)	$46,913,452	$45,233,798
Net Revenue From Railway Operations	$ 3,869,246	$ 7,458,608
Charges To Net Revenue:		
Railway taxes:		
New Jersey property and franchise taxes	$ 2,829,461	$ 2,939,602
Payroll taxes	2,673,104	2,672,653
Other	96,861	113,862
	$ 5,599,426	$ 5,726,117
Hire of equipment and joint facility rents (net)	3,865,959	4,379,280
Total	$ 9,465,385	$10,105,397
Net Railway Operating Loss	$ 5,596,139	$ 2,646,789
Other Income:		
Rent of properties	$ 888,291	$ 312,079
Dividends	145,125	162,020
Interest	196,320	207,298
Sale of land and other items (net)	858,037	607,694
Total	$ 2,087,773	$ 1,289,091
	$ (3,508,366)	$ (1,357,698)
Fixed Charges:		
Rent of leased roads	$ 2,298,563	$ 2,318,390
Interest and amortization of discount on funded debt	2,482,666	2,402,531
Total	$ 4,781,229	$ 4,720,921
Net Loss	$ 8,289,595	$ 6,078,619
Retained Earnings at Beginning of Year	$34,559,786	$40,173,567
	$26,270,191	$34,094,948
Other debits (note 5)	$1,058,186	None
Other credits	None	464,838
	$1,058,186	$ 464,838
RETAINED EARNINGS AT END OF YEAR	$25,212,005	$34,559,786

See accompanying notes to financial statements.

CONSOLIDATED BALANCE SHEET

Assets

	December 31	
	1964	1963
Current Assets:		
Cash and temporary cash investments	$ 4,834,883	$ 4,053,680
Accounts receivable and unbilled revenue	4,832,529	4,944,015
Materials and supplies	2,329,509	2,516,599
Prepayments and working fund advances	624,279	740,008
Estimated salvage recoverable on retirements within one year	100,241	156,660
	$ 12,721,441	$ 12,410,962
Special Funds:		
Funds for investment in properties or retirement of debt	$ 145,400	$ 100,540
Insurance and other deposits	209,200	221,940
	$ 354,600	$ 322,480
Investments and Advances at or Below Cost, (Substantially all pledged under General Mortgage):		
Affiliated companies (page 19)	$ 5,378,739	$ 5,638,769
Other (page 19)	2,417,222	1,967,617
	$ 7,795,961	$ 7,606,386
Properties less Depreciation and Amortization (notes 2 and 5)	$113,719,546	$118,601,725
Other Assets:		
Miscellaneous receivables and items in suspense	$ 433,171	$ 397,796
Estimated salvage recoverable on retirements	25,340	79,781
	$ 458,511	$ 477,577
	$135,050,059	$139,419,130

Liabilities and Shareowners' Equity

	1964	1963
Current Liabilities (excluding long-term debt due within one year):		
Loans and Notes Payable	$ 394,500	$ ....
Accounts payable	6,509,520	7,313,138
Employees vacation pay	2,106,000	1,806,000
Accrued payroll	2,139,614	1,187,325
Accrued taxes	406,094	435,316
Injury and damage claims	625,737	501,218
Other current liabilities	927,998	735,704
	$ 13,109,463	$ 11,978,701
Long-Term Debt Due within One Year (page 18)	2,649,845	2,504,160
	$ 15,759,308	$ 14,482,861
Long-Term Debt (page 18):		
Mortgage bonds (note 3)	$ 42,890,000	$ 42,890,000
Notes payable (note 4)	18,770,000	15,044,500
Equipment trust obligations	1,545,000	2,417,000
Conditional sale agreements	1,308,059	1,819,106
	$ 64,513,059	$ 62,170,606
Other Liabilities:		
Personal injury claims	$ 863,673	$ 786,540
Miscellaneous liabilities and items in suspense	2,027,746	745,069
	$ 2,891,419	$ 1,531,609
Shareowners' Equity:		
Capital stock authorized 460,000 shares of $50 par value, issued 457,915 shares less 19,877 shares in treasury	$ 21,901,900	$ 21,901,900
Other paid-in Capital	4,772,368	4,772,368
Retained earnings (notes 4 and 5)	25,212,005	34,559,786
	$ 51,886,273	$ 61,234,054
	$135,050,059	$139,419,130

See accompanying notes to financial statements.

Accountants' Report

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
SEVENTY PINE STREET
NEW YORK, NEW YORK 10005

To the Board of Directors and Shareowners
The Central Railroad Company of New Jersey:

We have examined the accompanying consolidated balance sheet of The Central Railroad Company of New Jersey and its subsidiaries as of December 31, 1964, and the related statement of consolidated income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying financial statements present fairly the consolidated financial position of The Central Railroad Company of New Jersey and its subsidiaries as of December 31, 1964, and the results of their operations for year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.
March 16, 1965

Peat, Marwick, Mitchell & Co.

March 16, 1965

Notes To Financial Statements

1. Principles of Consolidation:

All 100% owned subsidiaries have been consolidated except one non-railroad company owning land. The Company's equity in the net assets of affiliated and other companies not consolidated as determined by the most recent unaudited statements available exceeds the net amount of investments and advances in such companies.

2. Properties:

The investment in properties and the depreciation accrued are detailed on page 18.

Depreciation on road property has been provided in the accounts since January 1, 1943, in accordance with regulations issued and rates approved by the Interstate Commerce Commission. Prior to the date referred to above, no such provision was required by the Interstate Commerce Commission.

The company is obligated under certain freight car lease agreements covering 2,136 freight cars and expiring in 1968, 1969, 1971 and 1974. The aggregate rental under these leases for the year 1964 was $1,109,537 and the rentals for the next five years are approximately:

1965	$1,100,000
1966	1,050,000
1967	1,000,000
1968	800,000
1969	385,000

3. Trust Indenture:

The trust indenture provides that until the outstanding general mortgage bonds are reduced to $24,000,000:

(a) One-half of "available net income" for each year, as defined in the indenture, shall be applied to the retirement of outstanding bonds on or before April 1 of the following year. No payment will be required under this provision for 1964 as there was no "available net income".

(b) The remainder of "available net income" shall be applied first, for capital improvements for which funds are not available other than from the Capital Fund; second, to restore the Capital Fund to $2,500,000; and third, for any other corporate purpose. Net proceeds from sales of meadowland property also may be used to restore the Capital Fund to the above stated amount, and any such proceeds not so used are to be applied to the retirement of general mortgage bonds.

If "available net income" for any year shall be a deficit, the amount of such deficit may, at the discretion of the Board of Directors, be carried forward and deducted in determining "available net income" in subsequent years. The amount of deficit available for carry forward at December 31, 1964, is $38,134,693.

4. Dividends:

Collateral Trust Agreements executed in connection with $20,000,000 of 5% Trust Notes contain certain restrictions on the declaration and payment of dividends. Under the most restrictive of these provisions no dividend may be declared without (a) the written consent of the Interstate Commerce Commission; (b) unless the Company's accumulated net income from January 1, 1961 exceeds the amount of proposed dividend.

5. In accordance with rules specified by the Interstate Commerce Commission, the carrying value of the Company's road property was adjusted to agree with the valuation figures maintained by the Bureau of Accounts of the Interstate Commerce Commission. The difference of $1,058,186, has been charged to retained earnings.

LONG TERM DEBT (including amounts due within one year)

Mortgage Bonds

Date of Issue	Date of Maturity	Interest Due	Interest Rate	Total Amount Issued	Amount Actually Outstanding Dec. 31, 1964
July 1, 1949	July 1, 1987	Jan. and July	3¼%	$48,731,000	$42,890,000

Notes Payable

Date of Issue	Dates of Maturity	Interest Due	Interest Rate	Total Amount Issued	Amount Actually Outstanding Dec. 31, 1964
Oct. 31, 1961	July 1, 1965-1976	Jan. and July	5%	$15,000,000	$13,950,000
Oct. 31, 1961	Nov. 1, 1965-Aug. 1, 1968	—	None	1,330,000	840,000
Mar. 15, 1963	March 15, 1968	March and Sept.	4%	100,000	100,000
Mar. 20, 1963	Mar. 20 1965-Sept. 20, 1965	March, June and Sept.	5½%	194,500	154.500
Dec. 1, 1963	Dec. 1, 1966-1978	June and Dec.	5%	5,000.000	5,000,000
		Total		$21,624,500	$20,044,500

Equipment Trust Obligations

Date	Equipment Securing Obligation	Interest Rate	Original Amount of Obligation	Unmatured and Outstanding Dec. 31, 1964
Apr. 1, 1950	12 Diesel Units	2½%	$ 1,350,000	$ 90,000
Apr. 1, 1950	125 Covered Hopper Cars 12 Diesel Units	2⅜%	1,815,000	121,000
Aug. 1, 1951	22 Diesel Units	3%	2,745,000	366,000
Oct. 1, 1952	23 Diesel Units	3½%	2,895,000	579,000
Mar 1, 1953	500 Box Cars	3⅝%	2,460,000	656,000
Apr. 1, 1954	4 Rail Diesel Coaches 7 Diesel Units	3⅛%	1,815,000	605,000
	Total.		$13,080,000	$ 2,417,000

Conditional Sale Agreements

Aug. 31, 1962	425 Gondola Cars	5½%	$ 765,000	$ 494,910
Feb. 1, 1963	474 Box Cars; 26 Cement Cars	5⅜%	1,780,350	1,316,494
	Total			$ 1,811,404
	Grand Total			$67,162,904
	Less amount due within one year			2,649,845
				$64,513,059

Properties

	December 31, 1964	1963
Transportation property:		
Road and roadway structures	$ 90,074,927	$ 91,566,362
Equipment	58,407,489	59,865,226
Improvements on leased property	10,935,361	10,968,784
Miscellaneous physical property	2,436,684	2,737,967
Total	$161,854,461	$165,138,339
Allowance for depreciation and amortization:		
Roadway structures	$ 12,646,924	$ 12,219,796
Equipment	33,595,056	32,654,225
Improvements on leased property	1,807,629	1,592,584
Miscellaneous physical property	85,306	70,009
Total	$ 48,134,915	$ 46,536,614
Net investment in properties	$113,719,546	$118,601,725

INVESTMENTS IN AFFILIATED AND OTHER COMPANIES (EXCLUDING CONSOLIDATED SUBSIDIARIES)

Affiliated Companies

Stocks

	Date of Maturity	Percent of Ownership	Par Value	Ledger Value
Allentown Terminal Railroad Company		50	$ 225,000	$ 225,000
Bay Shore Connecting Railroad Company		50	27,900	27,900
Communipaw Central Land Company		100	2,000	2,000
Dover and Rockaway Railroad Company		69	95,700	91,955
Mount Hope Mineral Railroad Company		68	109,300	224,233
New York and Long Branch Railroad Company		50	2,000,000	2,000,000
Railway Express Agency, Inc.		1	22,836	1,100
Total				$2,572,188

Bonds

	Date of Maturity	Percent of Ownership	Par Value	Ledger Value
Allentown Terminal Railroad Company First Mortgage Gold Bonds	July 1, 1974		$ 212,000	$ 212,000
New York and Long Branch R.R. Co. 4% Cons. Mtge. Gold Bonds, Series "B"	Sept. 1, 1981		1,136,000	1,136,000
New York and Long Branch R.R. Co. 5% Cons. Mtge. Bonds, Series "A"	July 1, 1979		269,000	269,000
Total				$1,617,000

Notes

	Date of Maturity	Percent of Ownership	Par Value	Ledger Value
Railway Express Agency, Inc. 5%			$ 318,071	$ 318,071

Advances

	Date of Maturity	Percent of Ownership	Par Value	Ledger Value
Bay Shore Connecting Railroad Company				$ 9,684
Communipaw Central Land Company				424,513
New York and Long Branch Railroad Company				437,283
Total				$ 871,480
Total Affiliated Companies per consolidated balance sheet				$5,378,739

Other

Stocks

	Date of Maturity	Percent of Ownership	Par Value	Ledger Value
Lehigh and Hudson River Railroad Company			$ 787,000	$ 748,287
Raritan River Railroad Company			495,300	839,610
Total				$1,587,897

Mortgages

	Date of Maturity	Percent of Ownership	Par Value	Ledger Value
Elizabethport Development Company, Inc.			$ 185,220	$ 185,220
Pasquale Santini, Inc.			154,500	154,500
Willow Development Co.			394,500	394,500
Mel. Nov. Realty Co.			90,000	90,000
Total				$ 824,220

Bonds

	Date of Maturity	Percent of Ownership	Par Value	Ledger Value
U.S. of A. Treasury—2½% 1967-1972			$ 5,000	$ 5,105
Total Other per consolidated balance sheet				$2,417,222

EQUIPMENT as of December 31, 1964

Locomotives

Diesel:	Number Of Units	Average Weight (Tons)	Average Tractive Power
Road freight 1500 H.P.	20"A"	125.1	62,550
" " 1500 H.P.	10"B"	122.5	61,266
General utility 1000 H.P.	6	123.4	61,688
" " 1200 H.P.	4	121.4	60,700
" " 1500 H.P.	27	127.2	63,580
" " 1600 H.P.	30	125.6	62,787
" " 1600 H.P. (6 motors)	15	180.1	90,057
" " 2400 H.P. (6 ")	13	192.2	96,082
Yard switchers	48	114.4	57,248
Total	173	22,849.4	11,424,672
Average		132.0	66,039

Freight Cars

	Number			Total
	Owned	Leased	Total	Capacity (Tons)
Box	2,452	2	2,454	122,805
Coal	5	1,671	1,676	92,180
Gondola	615	386	1,001	68,570
Ore	8	—	8	560
Flat	23	76	99	7,050
Cement	1,095	—	1,095	76,065
Caboose	84	—	84	—
Poling	5	—	5	—
Total	4,287	2,135	6,422	367,230

Passenger Cars

	Number
Coaches	216
Combination passenger	19
Other combination	7
Baggage and express	45
Club	17
Diesel rail passenger coaches	11
Total	315

Marine Department

	Number
Ferryboats	4
Tugboats (diesel)	3
Open deck lighterage-scows	13
Steam hoist lighters	1
Covered barges	12
Car floats	8
Company service (misc)	5
	46

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY and Subsidiaries

TRANSPORTATION STATISTICS

	Year 1964	Year 1963	Percent Increase
Train Miles:			
Freight	1,306.664	1,318,274	# 1
Passenger	1,620,716	1,686,331	# 4
Total revenue service	2,927,380	3,004,605	# 2
Work	8,561	13,398	#36
Total train miles	2,935,941	3,018,003	# 3
Car Miles:			
Freight — loaded	41,058,036	46,251,442	#11
Freight — empty	29,126,344	32,604,009	#11
Total freight (including caboose)	71,524,616	80,179,970	#11
Passenger	8,020,314	8,521,754	# 6
Gross ton miles freight (thousands)	3,762,448	4,010,975	# 6
Net ton miles (thousands)	1,922,209	2,102,452	# 9
Freight Trains:			
Average net train load	1,526	1,654	# 8
Average gross train load	2,879	3,155	# 9
Freight Cars:			
Net tons per loaded car	46.8	45.5	3
Percent net to gross	51.1	52.4	# 2
Percent loaded to total car miles	58.5	57.7	1
Car miles per car day (of cars in service)	16.4	16.4	—
Net ton miles per car day (of cars in service)	441	399	11
Yard:			
Cars dispatched per yard engine hour	8.3	8.5	# 2
Cost of fuel and wages per car dispatched	$2.26	$2.16	5
Passenger Trains:			
Average cars per train	4.9	5.1	# 4
Cost of fuel and wages per train mile	$1.72	$1.69	2

# Denotes Reverse Figure

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY *and Subsidiaries*

REVENUES

Years	Freight Revenue	Passenger Revenue	Mail Revenue	Express Revenue	Other Revenues	Total Operating Revenues
1964	$40,462,206	$5,287,066	$1,004,062	$ 148	$4,029,216	$50,782,698
1963	42,482,077	5,324,610	1,418,274	9,732	3,457,713	52,692,406
1962	43,336,971	5,546,644	1,938,488	196,744	3,417,128	54,435,975
1961	39,921,607	5,525,466	1,932,685	384,486	3,365,053	51,129,297
1960	40,975,488	5,677,377	1,903,021	717,086	2,315,888	51,588,860
1959	43,070,361	5,720,196	1,940,606	650,774	1,628,410	53,010,347
1958	44,416,665	5,953,031	1,769,016	612,529	1,794,754	54,545,995
1957	49,560,929	6,348,210	1,463,442	785,466	2,034,993	60,193,040
1956	52,549,667	5,920,656	1,349,162	916,792	2,140,337	62,876,614
1955	48,506,587	5,454,254	1,298,191	944,131	2,110,885	58,314,048

EXPENSES

Years	Maintenance of Way and Structures	Maintenance of Equipment	Traffic	Trans-portation	Miscellaneous Operations	General	Total Operating Expenses	Percentages of Expenses to Revenue	Net Revenue from Railway Operations
1964	$5,784,705	$ 9,883,235	$1,012,104	$27,122,048	$22,711	$3,088,649	$46,913,452	92.38	$ 3,869,246
1963	5,977,175	8,739,000	944,603	26,910,103	20,890	2,642,027	45,233,798	85.84	7,458,608
1962	6,950,064	8,810,900	886,892	27,053,995	24,667	2,707,547	46,434,065	85.30	8,001,910
1961	6,017,105	8,500,538	910,971	25,847,691	22,012	2,632,823	43,931,140	85.92	7,198,157
1960	5,870,523	7,447,809	909,971	25,455,594	32,651	2,789,012	42,505,560	82.39	9,083,300
1959	6,258,073	9,176,325	918,062	25,713,235	52,037	2,789,676	44,907,408	84.71	8,102,939
1958	6,295,271	9,332,589	890,458	26,711,626	48,260	2,800,455	46,078,659	84.48	8,467,336
1957	7,019,570	10,558,340	947,338	27,063,265	37,760	2,816,512	48,442,785	80.48	11,750,255
1956	8,589,492	10,887,484	928,364	26,578,128	44,979	2,644,957	49,673,404	79.00	13,203,210
1955	8,518,990	9,982,526	867,354	24,314,403	67,948	2,392,506	46,143,727	79.13	12,170,321

NET RAILWAY OPERATING INCOME, FIXED CHARGES AND NET INCOME

Years	Net Railway Operating Income	Other Corporate Income (Net)	Income Available For Fixed Charges	Fixed Charges	Net Income
1964	$5,596,139#	$2,087,773	$3,508,366#	$4,781,229	$8,289,595#
1963	2,646,789#	1,289,091	1,357,698#	4,720,921	6,078,619#
1962	3,473,978#	733,828	2,740,150#	4,725,668	7,465,818#
1961	4,060,033#	1,126,161	2,933,872#	4,167,176	7,101,048#
1960	1,369,773#	1,177,663	192,110#	4,100,919	4,293,029#
1959	537,179	795,545	1,332,724	4,171,283	2,838,559#
1958	495,952	1,839,709	2,335,661	4,240,302	1,904,641#
1957	3,436,628	856,629	4,293,257	4,250,562	42,695
1956	4,634,297	803,988	5,438,285	4,306,575	1,131,710
1955	4,773,865	678,899	5,452,764	4,431,898	1,020,866

# Denotes Reverse Figure

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY and Subsidiaries

REVENUE FREIGHT TRAFFIC STATISTICS

Years	Average Mileage Operated	Revenue Tons One Mile Per Mile of Road	Average Rate Per Ton Per Mile (Cents)	Revenue Freight Train Miles	Average Train Load (Revenue Tons)
1964	633.50	3,021,381	2.11	1,306,664	1,465
1963	635.73	3,293,299	2.05	1,318,274	1,588
1962	635.73	3,302,967	2.06	1,326,800	1,583
1961	613.68	3,199,237	2.03	1,257,213	1,562
1960	606.48	3,221,397	2.09	1,259,420	1,551
1959	608.82	3,221,430	2.19	1,312,597	1,494
1958	612.09	3,149,414	2.30	1,299,438	1,484
1957	626.22	3,387,685	2.33	1,437,896	1,475
1956	627.11	3,873,976	2.16	1,573,569	1,544
1955	627.53	3,440,963	2.25	1,479,543	1,459

REVENUE PASSENGER TRAFFIC STATISTICS

Years	Average Mileage Operated(*)	Passengers One Mile	Average Rate Per Passenger Per Mile (Cents)	Total Passenger Train Miles (X)	Total Passenger Train Miles Per Mile Road	Revenue Per Train Mile Passenger	
						Passengers Only	All Sources
1964	263.59	152,343,766	3.47	1,620,716	6,149	$3.26	$3.92
1963	263.59	155,358,711	3.43	1,686,331	6,398	3.16	4.04
1962	263.59	163,398,466	3.39	1,730,448	6,565	3.21	4.45
1961	263.73	162,698,827	3.40	1,742,117	6,606	3.17	4.54
1960	264.56	174,710,147	3.25	1,751,493	6,620	3.24	4.78
1959	271.82	179,413,247	3.19	1,778,099	6,541	3.22	4.72
1958	276.42	205,667,764	2.89	1,929,100	6,979	3.09	4.36
1957	276.70	236,068,717	2.69	2,096,721	7,578	3.03	4.14
1956	276.70	234,915,052	2.52	2,122,425	7,670	2.79	3.88
1955	276.70	221,097,087	2.47	2,117,690	7,653	2.58	3.67

(*) Excludes mileage exclusively for freight traffic.

(X) Including express trains.

TRACK MILEAGE (December 31, 1964)

	Miles of First Main Track	Miles of Additional Main Track	Miles of Yard Tracks & Sidings	Total All Tracks
Owned	415.85	165.05	419.48	1,000.38
Leased:				
Controlled through ownership of majority of capital stock	4.54	....	2.42	6.96
Not controlled	154.00	64.95	177.01	395.96
Trackage rights granted by other companies	59.11	44.08	29.51	132.70
Total miles of road operated	633.50	274.08	628.42	1,536.00

FREIGHT REVENUE BY COMMODITIES

Commodity	Cars	Revenue
Farm Products		
Wheat, Corn. Oats	2,034	$ 201,767
Other Farm Products	16,388	643,204
Total	**18,422**	**$ 844,971**
Forest Products	**956**	**$ 47,869**
Fresh Fish and Other Marine Products	**120**	**$ 4,641**
Metallic Ores		
Iron Ore	11,914	$ 752,177
Other	10,533	760,518
Total	**22,447**	**$ 1,512,695**
Coal		
Anthracite (Prepared)	44,859	$ 3,275,487
Bituminous	140,372	6,093,886
Unprepared	19,867	192,423
Total	**205,098**	**$ 9,561,796**
Crude Petroleum, Natural Gas or Gasoline	**29**	**$ 1,367**
Non-Metallic Minerals (Except Fuels)		
Sand — Industrial	7,293	$ 641,290
Gravel and Sand	8,214	648,279
Other	17,587	1,167,745
Total	**33,094**	**$ 2,457,314**
Ordnance or Accessories	**782**	**$ 123,793**
Food or Kindred Products		
Flour	5,370	$ 321,287
Soybean Oil (Cake and Meal)	425	34,630
Soybean Oil (Liquid or Solidified)	1,993	178,526
Liquors — Malt	2,474	157,526
Canned and Packaged Food (Not Frozen)	7,591	431,070
Other	30,888	2,167,243
Total	**48,741**	**$ 3,290,282**
Tobacco Products	**272**	**$ 13,629**
Basic Textiles	**2,193**	**$ 76,982**
Apparel	**387**	**$ 21,380**
Lumber or Wood Products	**14,192**	**$ 918,194**
Furniture or Fixtures	**7,917**	**$ 266,722**
Pulp, Paper or Allied Products		
Printing Paper	18,470	$ 1,069,335
Paperboard, Fibreboard, Pulpboard	14,901	663,150
Other	23,418	1,019,066
Total	**56,789**	**$ 2,751,551**
Printed Matter	**1,006**	**$ 85,570**

Commodity	Cars	Revenue
Chemicals or Allied Products		
Gases, Other than Petroleum	2,860	$ 238,228
Sodium (Soda) Products	9,409	1,131,464
Alcohols	4,357	439,145
Paints, Putty and Varnish	4,939	407,736
Other	33,584	3,374,294
Total	**55,149**	**$ 5,590,867**
Petroleum or Coal Products		
Refined Petroleum Products	14,782	$ 1,126,429
Other	6,488	476,554
Total	**21,270**	**$ 1,602,983**
Rubber or Miscellaneous Plastic Products	**3,414**	**$ 138,380**
Leather or Leather Products	**83**	**$ 5,667**
Stone, Clay or Glass Products		
Cement	26,811	$ 2,330,091
Glass Bottles, Jars, Packing Glass	6,004	313,727
Other	24,541	1,597,308
Total	**57,356**	**$ 4,241,126**
Primary and Fabricated Metals		
Copper, Brass, Lead, Zinc	9,288	$ 860,670
Manufactured Iron and Steel	12,220	1,085,426
Containers, Metal	2,986	120,205
Other	12,491	907,097
Total	**36,985**	**$ 2,973,398**
Machinery	**4,499**	**$ 340,192**
Electrical Machinery or Equipment	**4,317**	**$ 212,278**
Transportation Equipment	**10,072**	**$ 569,399**
Instrument or Photographic Goods	**97**	**$ 6,134**
Miscellaneous Products of Manufacture	**3,836**	**$ 174,411**
Waste or Scrap Materials		
Iron and Steel Scrap	8,388	$ 745,090
Other	16,573	1,085,664
Total	**24,961**	**$ 1,830,754**
Miscellaneous Freight Shipments	**5,502**	**$ 238,274**
Containers, Shipping, (Returned Empty)	**1,236**	**$ 43,550**
Freight Forwarder Traffic	**14,878**	**$ 581,833**
Shipper Association or Similar Traffic	**11,781**	**$ 235,988**
Miscellaneous Mixed Shipments	**6,535**	**$ 414,759**
GRAND TOTAL— CARLOAD TRAFFIC	**674,416**	**$41,178,749**
Less Than Carload Traffic	**—**	**$ 85,757**
GRAND TOTAL— CARLOAD & LOCAL TRAFFIC	**674,416**	**$41,264,506**

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY and Subsidiaries

Freight Traffic Staff at Newark General Office

ADDRESS: Gibraltar Building, 153 Halsey St., Newark, N.J. 07102
Telephone: (201) DElaware 3-1122; or (212) BArclay 7-9700 (New York City)

J. L. Barngrove, Jr., Vice President—Freight Traffic

Marketing

A. L. Postlethwaite, Freight Traffic Manager
J. I. Hachtmann, Asst. Freight Traffic Manager
L. J. Evans, General Freight Agent
H. A. Rader, Asst. General Freight Agent
P. J. Turnbach, Coal Freight Agent

Sales and Service

J. J. Emerick, Coal Traffic Manager
E. P. Seiwert, Asst. Frt. Traffic Mgr. (Piggyback)
W. D. Wakeman, General Freight Agent—Staff
B. J. Strongin, Asst. to Freight Traffic Manager

Freight Traffic Offices Elsewhere

In addition to the staff at the Newark General Office (above) Central Railroad of New Jersey traffic offices are maintained in the cities listed below. These offices are eager to give every assistance to shippers. You can help us by urging your shipper friends to ask these offices about Central Railroad of New Jersey service. Or tell your nearest office about prospective business that comes to your attention. They will carry on from there, promptly, courteously and thoroughly.

Allentown, Pennsylvania 18102
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Passenger Station, CRRofNJ
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Atlanta, Georgia 30303
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932-933 Healey Building
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80 Federal Street
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Pittsburgh, Pennsylvania 15222
W. J. Desmond, General Agent
Room 1102, Park Building
Fifth Avenue & Smithfield Street
Phone: (412) ATlantic 1-7405

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2086 Railway Exchange Building
611 Olive Street
Phone: (314) CEntral 1-4760

San Francisco, California
(Will open about June 1, 1965)

CENTRAL RAILROAD COMPANY
OF
NEW JERSEY